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RUEHJM/AMCONSUL JERUSALEM PRIORITY 8851  
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RHMFISS/COMSOCEUR VAIHINGEN GE PRIORITY  
RHMFIUU/COMSIXTHFLT PRIORITY

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SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM  
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA  
HQ USAF FOR XXXX  
DA WASHDC FOR SASA  
JOINT STAFF WASHDC FOR PA  
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR  
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD  
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD  
LONDON ALSO FOR HKANONA AND POL  
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SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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Mideast

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Key stories in the media:  
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All media led with the violent incidents between Israel and the Palestinians that took place in Gaza and the surrounding Israeli communities on Tuesday. The media reported that at least 19 Palestinians were killed with 15 of them being confirmed as armed

militants. On the Israeli side, 10 people were injured as a result of a barrage of over 30 Qassam rockets, as well as a Grad rocket that landed in Ashkelon, being fired at Israel. A kibbutz volunteer from Ecuador working a field near the Gaza fence was also killed by a sniper. Among the casualties on the Palestinian side was the son of Hamas leader Mahmoud Zahar. Ha'aretz and Maariv reported that his death may jeopardize a prisoner swap involving Gilad Shalit. The IDF has said that senior Hamas members are not being targeted and those killed were trying to launch rockets against Israel. Hamas is claiming that the IDF attack was the result of a green light given by President Bush during his recent visit. The Jerusalem Post reports that the PA is threatening to suspend negotiations in response. This morning Israel Radio quoted Palestinian sources as saying that IDF troops killed Walid Obeid, the commander of Islamic Jihad in the West Bank.

The electronic media reported that this morning Avigdor Lieberman announced that his party Yisrael Beiteinu is leaving the government and PM Olmert's coalition over the negotiations on the core issues. This will reduce PM Olmert's majority from 78 to 67 Knesset seats. Yediot earlier cited the disapproval of MK Yisrael Hasson, the party's No. 2, of the move. Leading media reported that Meretz may take Yisrael Beiteinu's place, although senior Meretz members like MK Zahava Gal-On are opposed to such a move. Some media said that Meretz's entrance into the coalition would cause Shas's departure. The Jerusalem Post reported that United Torah Judaism is also split on entering Olmert's coalition.

Ha'aretz quoted a senior Western diplomat as saying on Tuesday that President Bush left Israel last Friday convinced that PM Ehud Olmert's coalition was stable enough to advance the peace process. The newspaper further quoted the diplomat as saying that this was one of the purposes of Bush's trip: to evaluate the Israeli political situation for himself, in order to decide whether it was worth the investment of his time and energy. Bush reportedly made this clear at a dinner with Olmert and his senior ministers, including Avigdor Lieberman (Yisrael Beiteinu) and Eli Yishai (Shas). The diplomat was quoted as saying that Bush also tried to reassure his hosts, saying that he will not impose an agreement on Israel, but encourage it to reach an agreement. The diplomat was also quoted as saying: "Bush hinted to the ministers that if there weren't a stable coalition, he would not invest himself in the process. The fact that he announced he would return in May shows clearly that he believes there is a chance." Ha'aretz also reported that there is growing support in Washington for reopening the Gaza border crossings, despite Israel's objections. Yet the administration also wants to continue isolating Gaza's Hamas government.

The Jerusalem Post quoted a senior Western diplomatic source as saying on Tuesday that President Bush is "very conscious" that Jewish refugees fled to Israel from Arab lands after the 1947-49 war, and this came up in his discussions on the Palestinian refugee issue last week in Jerusalem.

Citing AP, The Jerusalem Post quoted Secretary of State Condoleezza Rice as saying on Tuesday in Riyadh that the U.S. wants Arab nations to do more to reach out to Israelis, to help nudge a Middle East peace accord into being. The Jerusalem Post reported that two Jewish members of Congress -- Reps. Anthony Weiner (D-NY) and Robert Wexler -- are circulating a resolution condemning a plan to sell and advanced weapons system to Saudi Arabia.

Ha'aretz reported that two weeks ago, Jerusalem's district planning and construction committee approved a controversial plan to restore the Mugrabi bridge leading to the entrances of the Temple Mount. Israel Radio reported that the Knesset will vote next week on approving the inclusion of four towns, including Ma'aleh Adumim, in the municipal jurisdiction of Jerusalem.

Makor Rishon-Hatzofe cited the London-based Al-Hayat as saying that the Egyptian government has expressed its objection to the definition of Israel as a Jewish state.

All media reported that the university presidents and heads of the university governing councils decided unanimously at an emergency meeting last night that all Israel universities will shut down on Sunday if the Finance Ministry does not reach an agreement with the

striking senior lecturers.

Ha'aretz reported that its journalist Gideon Levy has won this year's Euro-Med Journalist Prize for Cultural Dialogue.

Right-wing writers praised Yinon Magal and Meirav Miller, the new anchors of Israel TV's central news broadcast, saying that they restored objectivity to the station.

Maariv reported that the fictional Israeli movie "Beaufort" about the First Lebanon War is among the nine final contestants for the Academy Award for Best Foreign Language Film. The Jerusalem Post reported that the Herzliya Theater Ensemble will perform in New York -- and the Orna Porat Children and Youth Theater in Tulsa, Okla.

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Mideast:  
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Summary:  
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Military correspondent Amir Rappaport wrote on page one of the popular, pluralist Maariv: "The question arises of what is Israel's policy. The answer, unfortunately, is that there is no policy. In the meantime, we are advancing from one operation to the next, and praying that the number of casualties on the home front will be 'tolerable.'"

Military correspondent Alex Fishman wrote on page one of the mass-circulation, pluralist Yediot Aharonot: "There is a military option and there is a political option. Both are uncertain, both are temporary, and both have a price. The government should decide which is better for us."

Maj. Gen. Yossi Peled (res.), the former OC Northern Command and a member of Likud, wrote in the independent Israel Hayom: "The Palestinians must understand that firing at Israel's cities comes at a cost. There is no matter of politics here, or one kind of worldview. There is a moral imperative here."

The independent, left-leaning Ha'aretz editorialized: "Olmert must prove that he has the courage needed to complete the life-saving operation that Ariel Sharon began."

The conservative, independent Jerusalem Post editorialized: "Occasionally there are murmured allusions to [claims to compensation of Jews from Arab countries] from official Israel, such as from Menachem Begin in the first Camp David process and Ehud Barak in his 2000 Camp David talks. But the issue has not been pursued in earnest. It should be."

Block Quotes:  
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## I. "First Gaza War"

Military correspondent Amir Rappaport wrote on page one of the popular, pluralist Maariv (1/16): "The prime minister can continue to declare that he has no interest in a large-scale ground operation in Gaza, but in practice Israel is being dragged into the Gaza Strip one step at a time.... At this stage, what is preventing a truly large-scale ground operation in the Gaza Strip, the kind that will also require a call-up of reserves, is the paralyzing fear of another Winograd Commission, the deep fear of dozens of casualties, as well as weather considerations. The IDF, like any other army in the world, prefers to wage its large-scale wars in the summer or in the spring at the earliest, so that clouds do not limit the Air Force's activity. ... The question arises of what is Israel's policy. The answer, unfortunately, is that there is no policy. In the meantime, we are advancing from one operation to the next, and praying that the number of casualties on the home front will be 'tolerable.'"

## II. "Dragged into Gaza"

Military correspondent Alex Fishman wrote on page one of the

mass-circulation, pluralist Yediot Aharonot (1/16): "It is hard to shake the feeling that the IDF settled a score on Tuesday. During Bush's visit, the army was asked to keep a low profile. Hamas and Islamic Jihad took advantage of the opportunity and fired mortar shells and Qassam rockets. On Tuesday they paid for it.... Tuesday's lesson: Partial operations will not put an end to the Qassam rockets. A military raid, no matter how successful, and even taking control of parts of the Gaza Strip, will not stop the fire. On the contrary, they may only increase it. The Qassam rockets will only stop, at least temporarily, by an agreement with Hamas or by a full military takeover of the Gaza Strip. This is the juncture we are fast approaching. There is a military option and there is a political option. Both are uncertain, both are temporary, and both have a price. The government should decide which is better for us."

### III. "Break the Equation"

Maj. Gen. Yossi Peled (res.), the former OC Northern Command and a member of Likud, wrote in the independent Israel Hayom (1/16): "For many years, the Palestinians got us accustomed to an untenable situation: Sderot and the Gaza periphery communities under fire. We, with our Jewish morals, make an exerted and real effort not to harm innocent people -- while the Palestinians fire deliberately in order to indiscriminately harm children and civilians. This untenable situation must be broken.... It does not matter how we react, whether it is by aerial activity, by overt or covert ground activity or by raising the level of punitive action. It has to be clear and painful. The Palestinians must understand that firing at Israel's cities comes at a cost. There is no matter of politics here, or one kind of worldview. There is a moral imperative here, and with all the desire not to harm civilians -- the needy of your own city come first.... There is, of course, the concern that there will be casualties among our troops, but we must not forget that with all the sincere concern for the wellbeing of the combatants, the IDF must defend the country's residents. And this comes at a cost. If we seek to live, we should remember this over and over."

### IV. "There Are No More Excuses"

The independent, left-leaning Ha'aretz editorialized (1/16): "If Kadima is a party and not a mere accident of circumstances, if it plans to run again in the next elections, it must prove that it intends to fulfill the Prime Minister's promises. If the Prime Minister cannot even keep his promise to evacuate settlement outposts, there would seem to be no reason for him to remain in his seat for so much as another day.... Olmert must prove that he has the courage needed to complete the life-saving operation that Ariel Sharon began.... Following the Annapolis conference and George Bush's visit, a bold decision to remove the outposts is needed in order to signal that Israel has a government that stands behind its statements and promises. The mooted departure of [Avigdor] Lieberman will be welcome if it leads to results. But in any case, there are no more excuses."

### V. "Fair Compensation"

The conservative, independent Jerusalem Post editorialized (1/16): "As was highlighted in this space on Sunday, U.S. President George W. Bush displayed a critical understanding of the real obstacle to peace when he stressed last week that an agreement 'must establish Palestine as a homeland for the Palestinian people, just as Israel is a homeland for the Jewish people.' This language is the clearest U.S. rejection to date of the Palestinian demand of 'return,' which is a backdoor method of denying Israel's right to exist. It is difficult to overstate the importance of repeating this formula and, even better, explaining what is behind it, namely that mutual recognition is a non-negotiable prerequisite for any serious talks on the two-state vision.... The establishment of Israel afforded Arab tyrants the pretext to engage in massive ethnic cleansing against their own Jewish inhabitants.... The Jews, though, were never compensated for the property they were forced to relinquish.... Occasionally there are murmured allusions to these facts from official Israel, such as from Menachem Begin in the first

Camp David process and Ehud Barak in his 2000 Camp David talks. But the issue has not been pursued in earnest. It should be."

JONES